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ABSTRACT

Given the general social thrust toward progress in the 1960's, it is proposed here that the points in the system where black economic progress took place were those points where white resistance was less. Current data indicates the achievement of significant progress by black women--relative to white women and black men--in all regions of the country, significant progress of black men in the South, but astonishingly little relative economic progress of black men in the non-southern states. The progress of black males in the South and the lack thereof in the non-south is a phenomenon for which one explanation is offered here. Arguments regarding the value of full employment in augmenting the black-white earnings ratio, and in facilitating the development of programs for the disadvantaged, appear to be correct. However, the active pursuance of full employment as a policy has not been greatly evident, except as an artifact of military activity. Moreover, it seems unlikely that any of the special programs initiated during the 1960's were very significant in improving the earnings ratios for women and southern men, even given the favorable economic environment. On the other hand, civil rights pressures presumably had a direct impact upon discriminatory activity, without the mediating activity of specific governmental agencies. (Author/JM)

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The Economic Impact of the Social Legislation of the 1960's on Blacks in the Labor Market

by

Duran Bell

March 1974

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INTRODUCTION

While most poor persons are not black, and most black persons are not poor, it is true that a third of all blacks are poor and about 30 percent of all poor are black. These figures certainly offer little comfort. In 1972 blacks constituted 11.1 percent of the labor force, 10.6 percent of the employed, 19.8 percent of the unemployed, and, again, 30 percent of the poor. Do these figures represent an improvement relative to years past? Have the civil rights activities of the 1960's demonstrated themselves in these figures?

The issue is difficult to discuss because of feared policy implications: If the economic conditions of black persons have improved dramatically, one should be quite gratified, even if there is much left to be done. Yet, the admission of improvement, if there be improvement, often suggests that the government may now turn its attention to other matters and allow the socio-economic position of blacks to improve over time under the impact of existing legislation. On the other hand, if there has been very little improvement in the position of blacks, in spite of all of the noise and thunder of the 1960's, some persons may dismiss any future effort as hopeless and, again, suggest that public attention be focused upon somewhat less intractable problems--for example, discrimination against women.

I can not be certain as to the ultimate potential impact of any of the several positions which one may take regarding the "facts" of black economic progress. However, the data currently before me indicates the achievement of significant progress by black women--relative to white women and black men--in all regions of the country, significant progress of black men in the South, but astonishingly little relative economic progress of black men in the non-southern states. The factors which underlie the relative advancement of black women are rather easily understood and we shall look at those factors in detail. However, the progress of black males in the South and the lack thereof in the non-south is a phenomenon for which I shall offer an explanation, but by no means the only conceivable explanation. I hope that

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Prepared for presentation at the Association of Social and Behavioral Scientists, 38th Annual Meeting, April 3-5, 1974, Atlanta, Georgia.

Professors Hefner and Burney and others present here will join me in seeking a fuller understanding.

I. CHANGES IN THE RELATIVE ECONOMIC STATUS OF BLACK WORKERS

In 1939 the black-white ratio of median earnings was .41 for males and .36 for females, but by 1947, these ratios were .54 and .39 for males and females, respectively. Hence, the great relative improvement of blacks during World War II accrued almost entirely to black males. But by 1959--before the employment oriented civil rights activity and the war on poverty--the black-white ratio for women had climbed 16 percentage points to .57, while for men it had hardly changed from the 1947 level--climbing only 4 percentage points to .58. In other words, one could see a positive trend in the ratio of median earnings for women even prior to 1960, but no such trend existed for men.

Moreover, when the ratios of median earning are disaggregated by region, the data show a *decline* in relative black earnings for males in every region between 1953 and 1959 (see Table 1). This decline illustrates the cyclical sensitivity of the black-white ratio of median earnings, since 1953 was a prosperous year, bouyed by the Korean War, and 1959 was a depressed year. For women, however, the 1953-1959 decline in the earnings ratio was not evident except in the South.

Now, how did these ratios change during the 1960's? Table 1 shows median black-white income ratios for 1971, as well as for 1953 and 1959, by sex, region and education. It is noteworthy that in the northeast, there was no significant change in the ratio for males during the sixties and, perhaps, a slight *decrease* since 1953. In the South, there was great improvement for males relative to 1959, but rather modest relative to 1953. For women, on the other hand, the ratios all grow significantly, in spite of the fact that these ratios were already exceeding unity in 1959 everywhere except the South.

How are these changes in ratios to be explained? Richard Freeman* has performed a decomposition of the changes in these earning ratios for the period 1949-1971, by education, 1949-1969 for occupational

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*Richard B. Freeman, "Changes in the Labor Market for Black Americans, 1948-1972," Brookings Papers on Economic Activity, 1973, (1), pp. 67-120.

Table 1 **Median Nonwhite Income as Percentage of Median White Income, by Sex, Region, Education, and Occupation, Various Years, 1949–71**

Demographic characteristic	*Male*				*Female*			
	All income recipients	*All income recipients*	*All income recipients*	*Year-round full-time workers*	*All income recipients*	*All income recipients*	*All income recipients*	*Year-round full-time workers*
Region	*1953*	*1959*	*1971*	*1971*	*1953*	*1959*	*1971*	*1971*
Northeast	75.2	72.0	72.9	75.8	83.2	100.4	126.4	104.3
North Central	75.4	78.2	81.8	79.1	86.0	115.9	118.5	92.6
South	45.7	33.3	52.4	61.5	44.4	41.9	64.1	75.3
West	68.1	69.1	78.4	85.1	n.a.	106.2	118.2	97.3
Education (years)	*1949*[c]	*1959*[c]	*1971*[b]		*1949*[c]	*1959*[c]	*1971*[b]	
8 full	73.1	74.8	86.4	n.a.	80.7	86.5	101.0	n.a.
9 to 11	67.9	67.5	73.7	n.a.	74.3	74.0	95.0	n.a.
12 full	68.3	68.7	72.4	n.a.	69.0	79.3	99.7	n.a.
13 to 15	64.0	67.6	72.5	n.a.	75.1	89.9	128.8	n.a.
16 and over	59.7	64.5	79.6	n.a.	90.6	99.7	117.9	n.a.
Occupation	*1949*[c]	*1959*[c]	*1969*[c]	*1969*[c]	*1949*[c]	*1959*[c]	*1969*[c]	*1969*[c]
Professional and technical workers	57.5	68.5	72.3	72.6	84.9	96.7	102.3	103.9
Managers, officials, and proprietors	50.0	57.1	66.0	67.2	44.6	56.2	95.3	96.7
Clerical workers	83.6	84.0	84.1	86.1	95.2	99.2	98.1	100.4
Sales workers	54.8	55.6	68.2	67.6	74.5	97.7	112.7	101.5
Craftsmen	62.6	65.7	73.4	74.6	78.7	82.4	87.9	87.6
Operatives	72.1	70.1	80.0	80.7	76.9	79.1	92.6	89.5
Service workers except private household	77.6	75.5	85.5	79.5	86.8	95.4	117.5	99.1
Private household workers	91.1	104.9	102.9	88.6	100.5	99.3	116.8	101.2
Laborers except farm and mine	81.0	83.4	90.5	82.6	88.5	84.1	98.0	94.4
Farm laborers and foremen	71.6	71.4	72.5	68.9	88.0	91.8	71.6	79.4

Sources. All the data are based on median incomes from U.S. Bureau of the Census publications. Regional incomes and 1971 educational-group incomes are from relevant issues of *Current Population Reports*, Series P-60. Educational-group incomes for 1949 are from *U.S. Census of Population, 1950*, Vol. 4, Pt. 5, *Education*, PC 5B (1953), Table 13, and for 1959, from *U.S. Census of Population, 1960, Educational Attainment*, Final Report PC(2)-5B (1963), Tables 6, 7. Occupational group incomes for 1949 are from *U.S. Census of Population, 1950*, Vol. 4, Pt. 1, *Occupational Characteristics*, P E 1B (1956), Tables 19, 21, for 1959, *U.S. Census of Population, 1960, Occupational Characteristics*, Final Report PC(2)-7A (1963), Tables 25, 26; and for 1969, *U.S. Census of Population, 1970, Detailed Characteristics*, Final Report PC (1)-D1(1973), Tables 227, 228.

a. Nonwhite medians as percentage of medians for total labor force. Medians for whites are not separately available.

b. Negro medians as percentage of medians for total labor force.

c. Data are for Negroes rather than nonwhites.

n.a. Not available.

changes and 1953-1971 for interregional shifts. The presumption is that changes in the relative levels and distribution of educational attainment, region of residence, and occupation underlie the observed changes in earnings ratios. The results of this decomposition are shown in Table 2. They indicate that during the period 1949-1971, white male incomes increased by 43% within education groups and that an additional 17% increase in wages was associated with changes in the level of education. But since the comparable figures for black males were 52% and 21%, for within group and distributional effects respectively, only about 4% of the change in black-white relative incomes may be attributed to the rapid convergence of black-white educational levels.

The major unique source of the improved relative position of black males is found in the regional domain. We can see in Table 2 that black males experienced a 62 percent increase in income within regions (as compared to 43% for white males) and 12 percent increase due to migration from the South to the North (while whites experienced no significant aggregate benefits from such moves). These figures are especially significant if one considers that the base period in these regional calculations is 1953, a year in which the black-white earnings ratios were higher than during any subsequent year prior to 1967. Richard Freeman, in his analysis of Table 2, emphasized the interaction column of the occupational decomposition as the salient factor in the relative progress of black males. This factor is important in showing the relatively greater movement of blacks into better paying occupations.

Table 2 indicates far greater differences between black and white females than between males on almost every score. Freeman stresses the significance of the shift in occupational distribution, a factor of salient importance (as we shall see later), but this salience is not apparent to me from Table 2 alone. It is particularly noteworthy, however, that while black men experienced only a small 4 percent of relative gain from changes in the relative levels of education, black women experienced a 11 percent gain therefrom. This result is consistent with my own econometric analysis of the returns to schooling:

Table 2. **Decomposition of Changes in Real Incomes, for Black and White Males and Females, by Education, Occupation, and Region, 1949–71**

Demographic characteristic, period, color, and sex	*Ratio of decomposition components to base incomes*[a]			
	Change in wages A	*Change in distribution B*	*Interaction C*	*Total*
Education, 1949–71				
White, male	0.43	0.17	0.17	0.77
Black, male	0.52	0.21	0.22	0.95
White, female	0.29	0.19	0.08	0.56
Black, female	0.68	0.30	0.34	1.32
Occupation, 1949–69				
White, male	0.66	0.10	0.05	0.81
Black, male	0.76	0.23	0.19	1.18
White, female	0.39	0.08	0.03	0.50
Black, female	0.63	0.39	0.26	1.28
Region, 1953–71				
White, male	0.43	0.00	0.00	0.43
Black, male	0.62	0.12	0.02	0.76
White, female	0.28	−0.01	0.00	0.27
Black, female	0.84	0.13	0.07	1.04

Sources: Same as Table 2.

a. All income figures are in 1971 prices, deflated by the official consumer price index. The decomposition components are $A = \Sigma r_i w_i$, $B = \Sigma w_i r_i$, $C = \Sigma r_i w_i$, where the symbols are defined as for equation (1) in the text. Differences in total changes are due to the different time periods and populations. Educational incomes are for persons 25 years and over; occupation and region, for 14 and over. The "total" change and decomposition components are approximations based on median rather than the appropriate mean income data.

that for men the returns are much higher for whites than for blacks, but that the reverse is true among women.*

The character of the occupational shifts experienced between 1960 and 1970 can be seen in Table 3, for females and males, separately. This table reveals the nature of the occupations being entered by new (25-34 year olds) black and white workers in 1970, the jobs held by persons who were returning from the work force at that time, and the jobs held by "prime age" workers (25-44 in 1960) in both 1960 and 1970.

For females, Table 3 shows the relative lack of occupational mobility of those who were 35-44 in 1960. While there was modest upward mobility for both blacks and whites during the period, changes in the relative occupational position of black and white females as a whole can not be attributed to changes within this age group. But if we compare the retiring with the entering women, great differences are apparent and these differences are greater for blacks than for whites. Most noteworthy is the great percentage of black women who are entering as clerical workers (25 percent) compared with only 3 percent of the retiring black women of that category. At the same time 53 percent of the retiring black female workers had been private household workers while only 8 percent of entering black women accepted that occupation. Hence, there was a dramatic switch from domestic to clerical work for black women which is sharply illustrated by Table 3. Since there was no comparable switch for white women, one may certainly attribute much of the improved relative economic position of black women to their reallocation among occupations. This is especially important because the transition to clerical work also means a transition from part-time to full-time work. Table 4 shows that in 1966, most part-time workers among black wives (not all black women) in the non-southern regions were domestic while clerical work was dominant among white wives who worked part time. But among full-time workers, domestics were a smaller percentage for both black and white wives. Hence, even if

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*Duran Bell, "Residential Location and Economic Performance," in Urban and Social Economics in Market and Planned Economics, Alan Brown (ed.), N. Y. Praeger, 1973.

Table 3. **Distribution in 1960 and 1970 of the Nonwhite Work Force 35–44 Years Old in 1960, and of Retiring Workers and New Entrants, and Nonwhite and White Changes, 1960–70**

Sex and occupation	*Workers 35–44 years in 1960*				*Distribution of nonwhites*		*Net difference between entering and leaving cohorts, decade ending in 1970*	
	Distribution of nonwhites		*Change, 1960–70*		*Retiring workers 55–64 years in 1960*	*New entrants 25–34 years in 1970*		
	1960 (1)	*1970* (2)	*Nonwhites* (3) (2) − (1)	*Whites* (4)	(5)	(6)	*Nonwhites* (7) (6) − (5)	*Whites* (8)
Females								
Professional and technical workers	0.08	0.09	0.01	0.00	0.06	0.15	0.09	0.05
Managers, officials, and proprietors, except farm	0.01	0.03	0.02	0.02	0.02	0.01	−0.01	−0.03
Clerical workers	0.09	0.10	0.01	0.00	0.03	0.25	0.22	0.14
Sales workers	0.02	0.02	0.00	−0.01	0.01	0.02	0.01	−0.06
Craftsmen	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.01
Operatives	0.16	0.18	0.02	−0.04	0.09	0.21	0.12	0.00
Laborers except farm and mine	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00
Farmers and farm managers	0.01	0.00	−0.01	0.00	0.01	0.00	−0.01	−0.01
Farm laborers and foremen	0.03	0.02	−0.01	0.01	0.03	0.01	−0.02	0.00
Service workers except private household	0.24	0.29	0.05	0.02	0.20	0.23	0.03	−0.03
Private household workers	0.34	0.26	−0.08	0.00	0.53	0.08	−0.45	−0.05
Total	1.00	1.00	...	...	1.00	1.00	...	...
Males								
Professional and technical workers	0.05	0.06	0.01	0.01	0.03	0.11	0.08	0.12
Managers, officials, and proprietors, except farm	0.03	0.06	0.03	0.06	0.04	0.05	0.01	−0.01
Clerical workers	0.06	0.07	0.01	0.00	0.03	0.08	0.05	0.00
Sales workers	0.01	0.01	0.00	−0.02	0.01	0.03	0.02	−0.01
Craftsmen	0.13	0.16	0.03	0.00	0.10	0.14	0.04	−0.02
Operatives	0.29	0.27	−0.02	−0.07	0.20	0.35	0.15	0.03
Laborers except farm and mine	0.21	0.18	−0.03	0.00	0.22	0.14	−0.08	−0.01
Farmers and farm managers	0.04	0.02	−0.02	−0.01	0.08	0.00	−0.08	−0.07
Farm laborers and foremen	0.05	0.03	−0.02	−0.01	0.08	0.02	−0.06	−0.01
Service workers except private household	0.12	0.14	0.02	0.00	0.19	0.09	−0.10	−0.02
Private household workers	0.01	0.00	0.01	0.00	0.01	0.00	−0.01	0.00
Total	1.00	1.00	...	...	1.00	1.00	...	...

Sources: U.S. Bureau of the Census, *U.S. Census of Population, 1960, Occupational Characteristics*, Tables 6, 7; unpublished Current Population Reports tabulation. Figures are rounded and may not add to totals.

Table 4

PERCENTAGE OF WIVES WITH "HIGHEST," "CLERICAL," "LOWEST," AND "DOMESTIC" JOBS, BY RESIDENCE AND RACE, FOR THE NON-SOUTH REGIONS

Hours/ Week	Job Type[a]	Suburbs White	Suburbs Black	Non Poor City White	Non Poor City Black	Poor City White	Poor City Black
Full Time	Highest	10.7	4.5	12.9	8.6	8.3	2.7
	Clerical	51.6	30.1	52.0	37.5	38.2	22.7
	Middle	30.5	42.9	30.2	36.3	43.9	47.6
	Lowest	7.2	22.6	4.9	17.6	9.6	26.9
	Domestic	2.2	14.3	1.7	9.0	4.5	18.2
Part Time	Highest	5.0	2.7	7.5	4.4	15.4	1.6
	Clerical	57.2	16.2	56.3	21.7	33.3	15.3
	Middle	25.9	18.9	21.2	17.4	30.8	20.3
	Lowest	11.9	62.2	13.0	56.5	20.5	62.7
	Domestic	5.7	51.4	8.2	46.4	10.3	55.9

[a]"Highest" denotes jobs with status scores above 82 (secretary); "Clerical" includes status scores 65 to 82; "Middle" includes scores 35-65; "Lowest" includes 35 to zero. And "Domestic" is a subcategory of "Lowest" and includes only people who clean and/or cook in private homes.

the hourly wage rate were the same in both occupations, we would expect higher annual earnings to arise from clerical jobs.

For men, black or white, no dramatic occupational shift occurred during the 1960's. While I had hoped to see a significant shift toward professional jobs when one compares retiring with entering black male workers, the observed shift fails to be as large as that experienced by white males. Rather, the big shift among black males was toward "operative" jobs, together with significant reduction in the laborer categories. Otherwise, one finds among black and white males a continuing, gradual shift from laboring and agricultural employments into "higher" classifications. This represents progress for both groups, but there is no sign of a *relative* improvement for black males.

In order to probe further into the character of the trends in black-white earnings ratios, we shall now consider the results of an analysis of social security data performed by Wayne Vroman.* The data used by Vroman was drawn from the Continuous Work History Sample (CWHS), 1957-1969. It is an enormous sample of 820,000 wage and salary workers in 1969 of which 52,600 were black men and 39,200 were black women. This is in strong contrast to the major alternative data file, the Current Population Survey, which contains only 45,000 white and 5,000 non-white families. The size of the CWHS makes possible the examination of trends in the earnings ratios disaggregated by region, and age group, or by region and various decile points along the income distribution.

Vroman's regression results show that for black women, there is not only a long term upward trend in the earnings ratio, but also a strong acceleration in that trend between 1965 and 1969. These trends seemed to be experienced by persons in each of the decile points in the income distribution and at the mean.

For northern men, both the trend and the trend acceleration terms were small and statistically not significant at all decile points and

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*Wayne Vroman, "Changes in Black Workers' Relative Earnings: Evidence from the 1960's," in Patterns of Racial Discrimination, Vol. 2, George M. von Furstenberg, A. Horowitz, and B. Harrison (eds.), N. Y. Praeger, 1974.

at the mean. Vroman summarized his findings: "For Black men working in the North we could not find evidence of a sustained upward trend in relative earnings." But in the South, a strong one percent per year upward trend was found *after 1965*

II. THE POLICIES OF THE 1960's

It is often argued that a full employment economy is the most important single factor in raising the relative status of black workers. James Tobin,* who is identified with this position, has expressed this quite forcefully:

> A vigorously expanding economy with a steadily tight labor market will rapidly raise the position of the Negro, both absolutely and relatively. Fanned by such a climate, the host of specific measures to eliminate discrimination, improve education and training, provide housing, and strengthen the family can yield substantial additional results. In a less beneficient economic climate, where jobs are short rather than men, the wars against racial inequality and poverty will be uphill battles, and some highly touted weapons may turn out to be dangerously futile.*

The importance of full employment for the non-white/white ratios of earnings is clear, even from a simple observation of the available ratios on median *family* incomes, in Table 5. The ratio of median family incomes climbed during the Korean War boom to a high of .57 in 1952 and fell to a low of .51 during the recession of 1958. Not until 1965, by which time the war in Viet Nam had become more intensive, did the non-white/white ratio climb above its 1952 level.

The econometric analyses of both Vroman and Freeman also indicate the stronger impact exerted by the level of employment (or the rate of change in GNP) upon the earnings of black workers. Vroman's equations, using the Continuous Work History Sample, were specified in terms of various decile points in the income distribution as well as the mean. These results show the greater cyclical sensitivity of the black-white male income ratio in every decile except the highest. This would indicate that relative economic insecurity of black male workers is not confined to those in the lowest paying occupations. Moreover, the data indicates a much greater cyclical effect upon the male earnings ratio in the North than in the South.

For women, Vroman's study indicates the absense of a cyclical effect in the North, but a *direct* effect in the South, i.e., higher

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*James Tobin, "On Improving the Economic Status of Negro," Daedalus, Fall 1965, pp. 878-898.

Table 5. **Median Income of Families: 1950 to 1972**

(In current dollars)

Year	Race of head			Ratio: Negro and other races to white	Ratio: Negro to white
	Negro and other races	Negro	White		
1950	$1,869	(NA)	$3,445	0.54	(NA)
1951	2,032	(NA)	3,859	0.53	(NA)
1952	2,338	(NA)	4,114	0.57	(NA)
1953	2,461	(NA)	4,392	0.56	(NA)
1954	2,410	(NA)	4,339	0.56	(NA)
1955	2,549	(NA)	4,605	0.55	(NA)
1956	2,628	(NA)	4,993	0.53	(NA)
1957	2,764	(NA)	5,166	0.54	(NA)
1958	2,711	(NA)	5,300	0.51	(NA)
1959	3,161	$3,047	5,893	0.54	0.52
1960	3,233	(NA)	5,835	0.55	(NA)
1961	3,191	(NA)	5,981	0.53	(NA)
1962	3,330	(NA)	6,237	0.53	(NA)
1963	3,465	(NA)	6,548	0.53	(NA)
1964	3,839	3,724	6,858	0.56	0.54
1965	3,994	3,886	7,251	0.55	0.54
1966	4,674	4,507	7,792	0.60	0.58
1967[1]	5,094	4,875	8,234	0.62	0.59
1968	5,590	5,360	8,937	0.63	0.60
1969	6,191	5,999	9,794	0.63	0.61
1970	6,516	6,279	10,236	0.64	0.61
1971	6,714	6,440	10,672	0.63	0.60
1972[2]					
United States	$7,106	$6,864	$11,549	0.62	0.59
South	5,730	5,763	10,465	0.55	0.55
North and West	8,604	8,109	12,004	0.72	0.68
Northeast	7,984	7,816	12,307	0.65	0.64
North Central	8,574	8,318	11,947	0.72	0.70
West	9,434	8,313	11,724	0.80	0.71

Note: Most of the tables of this section show income data for the year 1971. Income figures for 1972 from the Current Population Survey conducted in March 1973, which recently became available, have been included in tables 7 and 8 of this section. Data for 1959 are from the 1960 census; figures for the remaining years are from Current Population Surveys.

NA Not available. The ratio of Negro to white median family income first became available from this survey in 1964.

[1] Revised, based on processing corrections.

[2] Based on 1970 census population controls; therefore, not strictly comparable to data for earlier years. See Definitions and Explanations section for more details.

Source: U.S. Department of Commerce, Social and Economic Statistics Administration, Bureau of the Census.

unemployment is associated with a higher black-white earnings ratio for women. One must be careful in interpreting this direct effect. My own study of labor force participation rates* showed that during recessions the less skilled black wives (who often work only part-time when they work) tend to be removed from employment, so that the average earnings *of those who remain* are higher, whereas the participation of white wives is fairly insensitive to the cycle. In any case, the positive effect of unemployment upon the female earnings ratios may actually reflect a relative worsening of the employment picture for black women as a whole. Finally, the earnings ratio of the highest paid decile of southern women is insensitive to the cycle, as we would expect, since few of the black women with lesser earnings in that class would suffer unemployment and, by being absent, raise the earnings ratio.

In his analysis of the impact of the 1969-1970 recession and the subsequent recovery, Andrew Brimmer** has shown that "blacks bore a major share of the increased burden of unemployment during the recession--while they have shared to a lesser extent in the gains made during the recovery." Indeed, he shows that if one considers "blacks as a group and whites as a group, blacks suffered all of the recession-induced decline in jobs--while whites made further net job gains."

Brimmer also indicates that prior to 1968, participation by blacks in most manpower programs had been increasing, largely through special efforts to increase their enrollment. But through a continuation of funding decreases and the increased training needs of less disadvantaged workers during the recession, blacks found themselves displaced.

Hence, the argument of Tobin regarding the value of full employment in augmenting the black-white earnings ratio, and in facilitating the development of programs for the disadvantaged appears to be correct. However, the active pursuance of full employment as a policy has not been greatly evident, except as an artifact of military activity.

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*Duran Bell, "Why Participation Rates Differ: A Study of Black and White Wives," P-5134, The Rand Corporation, December 1973.

**Andrew F. Brimmer, "Employment and Income In The Black Community, Trends and Outlook," Lecture presented at U.C.L.A., March 1973.

Moreover, it seems unlikely that any of the special programs initiated during the 1960's were very significant in improving the earnings ratios for women and southern men, even given the favorable economic environment. Manpower programs have been many times evaluated by economists; and in general benefit-cost ratios have been found to exceed unity. While I find it difficult to accept an evaluation criteria which compares private benefits with public and private costs, the more critical problem with these evaluations pertains to the *displacement effect*. The prominence of the displacement effect arises from the fact that much of the benefit of training programs may actually flow from the placement efforts of the program, or from the fact that the program provides income during which the worker may search more thoroughly for a better job. If the higher post-training earnings of trainees result from better placement, then the "trained" workers are simply taking jobs which other workers of similar productivity would have taken--leaving society and the impoverished communities no better off than before (except for the enjoyment of the transfer income received during training).

This issue has not yet been resolved. However, given the small degree to which the convergence of black-white educational levels has affected the earnings ratio (as we discussed above) it seems most unlikely that manpower training programs could have a notable effect on aggregate statistics, even if the net social benefits of these programs are large for the specific populations involved.

As for the Civil Rights Act and the efforts of the Equal Employment Opportunity Commission (EEOC), one of my colleagues at The Rand Corporation, Paul L. Jordan* had this to say:

> ...the Equal Employment Opportunities Commission (EEOC) has less enforcement power than any other Federal agency with comparable domain (such as, for example, the National Labor Relations Board). Moreover, in California all complaints of Title Seven violations to the EEOC are passed along to the State Fair Employment Practices Commission (FEPC) where they languish for 60 days before being sent back to the EEOC. EEOC maintains a staff of approximately ten investigators to investigate changes of discrimination

*Paul L. Jordan, "Institutional Barriers to Employment Opportunities in the Los Angeles SMSA," unpublished paper, January 1974.

for *all* of Southern California. Final resolution averages three years from the initial lodging of changes."

Moreover, the enormous potential power of the Federal Contract Compliance Commission has not been realized. According to Herbert Hill,* "the power to withhold or cancel lucrative government contracts is undoubtedly the most powerful single weapon that has existed for more than a quarter of a century to eliminate nationwide patterns of employment discrimination." Since 1941 when Executive Order 8802 established this power, not one single contract had been cancelled as of 1969, "although many major government contractors have been found guilty of engaging in a variety of discriminatory employment practices."

I would find it difficult, therefore, to associate the improved black-white earnings ratios to any of the specific governmental programs which have arisen in recent years. On the other hand, the civil rights pressures which gave rise to the passage of the 1964 Civil Rights Act were no doubt effective upon many persons other than law makers; and it is reasonable to presume that the widespread protest had a direct impact upon discriminatory activity, without the mediating activity of specific governmental agencies. However, the fact of the passage of the Civil Rights Act was, itself, a public vindication of the civil rights position, and may have been important in that respect.

These arguments suggest that one need not look for *specific* governmental programs in order to find the source of the rising black-white earnings ratios. Yet, some explanation is required if we are to understand the relatively rapid advances made by black men in the South and black women.

If one looks back at Table 1, an interesting thing may be noticed: the extremely low earnings ratios for males in the South as of 1971, 52.4 percent. Given the outrageously low ratio of 1959 (33.3 percent) it is not surprising that the pressure brought to bear upon the South could eventuate in the much higher, but still low, ratio which we

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*Herbert Hill, "Testimony," before the AD HOC Committee Hearings On Federal Contract Compliance, House of Representatives, Washington, D. C., December 5, 1968.

observe in 1971. One could argue that the changed ratios in the South were feasible without endangering the traditional relative status differences between the black and white communities.

Outside of the South, however, the pressures exerted by white male workers to maintain their relative social status were probably more effective, since the threat to their status was more real. In recent years, I have been quite concerned to understand the logical consequences of the status maintaining efforts of white workers. We have shown* (a) that the informal, as well as formal, actions of antipathetic white employees are sufficient to generate both occupational segregation and wage discrimination in the labor market; (b) that given employee discrimination there exists an economic equilibrium in which a specific percentage of firms arrive at a specific ethnic participation rate for each occupation; (c) that the presence of black workers in an occupation should increase the dispersion of wages among white workers, with higher wages to those who work with black workers.

If the maintenance of social status on the part of females is in general less job determined, then white women will exhibit less job dissatisfaction in the face of black entry and their relative superiority in the job market can be eroded, as the data indicate.

Our search for explanations for the rising earnings ratios of the 1960's has focused upon the unevenness of that development: why did the ratios rise for women and southern men and not for northern men? The answer lies not in the effectiveness of specific governmental programs or in the rising relative levels of black education. Rather, given the general social thrust toward progress in the 1960's, the points in the system where progress took place were those points where white resistance was less.

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*Duran Bell, "The Economics Basis of Employee Discrimination," Patterns of Racial Discrimination, Vol. 2, George M. von Furstenberg, A. Horowitz and B. Harrison (eds.), N. Y. Praeger, 1974.